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Revenue Properties Company Limited/Annual Report 1968





**Revenue Properties Company Limited
and Subsidiaries**

Annual Report 1968

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FRONT COVER PHOTO: The rising earth as seen from the far side of the moon. Photographed in 1968, courtesy NASA.



A. J. Rubin



H. Rubin



S. Baskin



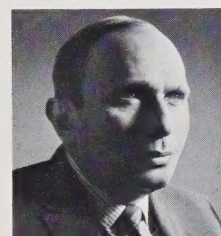
J. R. Campbell, Q.C.



B. Devor, Q.C.



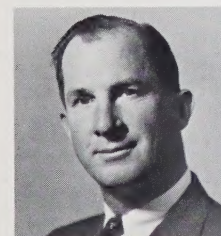
Dr. H. Frost



J. Godfrey



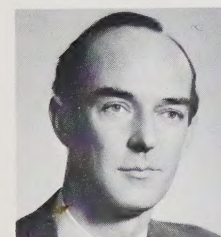
S. Godfrid, Q.C.



T. D. Mann



R. C. Stone



R. A. F. Sutherland, Q.C.

DIRECTORS

ALEX J. RUBIN
Chairman and President, Revenue Properties Company Limited,
Resident Toronto.

HARRY RUBIN
Executive Vice-President, Revenue Properties Company Limited,
Resident Toronto.

SEYMOUR BASKIN
President, Urban Properties Inc.
Resident Pittsburgh, Pennsylvania.

JOHN R. CAMPBELL, Q.C.
Partner, Campbell & Rogers,
Resident Toronto.

BERKO DEVOR, Q.C.
Senior Vice-President, Revenue Properties Company Limited,
Resident Toronto.

HELMUT FROST
General Manager of Bankhaus Friedrich Simon K. Ga A,
Member of the Board of Directors of F. K. Schattauer — Verlag,
Stuttgart — New York. Resident Dusseldorf, Germany.

JOSEPH GODFREY
Executive Vice-President, Victoria Wood Development
Corporation Limited.
Resident Toronto.

SAMUEL GOTFRID, Q.C.
Partner, Gotfrid, Burnett & Kelner.
Resident Toronto.

THOMAS D. MANN
Senior Vice-President, Glore Forgan, Wm. R. Staats Inc.
Resident New Jersey.

ROBERT C. STONE
Director and Vice-President, F. H. Deacon and Company,
Seaway Multi-Corp Limited, Victoria Wood Development
Corporation Limited. Resident Agincourt.

ROBERT A. F. SUTHERLAND, Q.C.
Partner, Borden, Elliot, Kelly & Palmer.
Resident Toronto.

OFFICERS

ALEX J. RUBIN, President and Chairman of the Board.

HARRY RUBIN, Executive Vice-President and Treasurer.

BERKO DEVOR, Q.C., Senior Vice-President.

PETER E. BASTEDO, Vice-President.

GEORGE COLEMAN, Vice-President and Comptroller.

MYER LEVINE, Vice-President and Assistant Secretary.

ROBERT A. F. SUTHERLAND, Q.C., Secretary.

SARA TUBERMAN, Assistant Treasurer.

AUDITORS

Touche, Ross, Bailey & Smart.

COMMON STOCK

Transfer Agent: National Trust Company.

Registrar: National Trust Company.

Co-Transfer Agent: Bankers Trust Company.

Co-Registrar: Bankers Trust Company.

LISTED

Toronto Stock Exchange, Toronto.

American Stock Exchange, New York.

PREFERRED STOCK

Transfer Agent: National Trust Company.

Registrar: National Trust Company.

CONVERTIBLE SUBORDINATED DEBENTURES

Trustee: National Trust Company.

SENIOR DEBENTURES

Trustee: The Royal Trust Company.

HEAD OFFICE

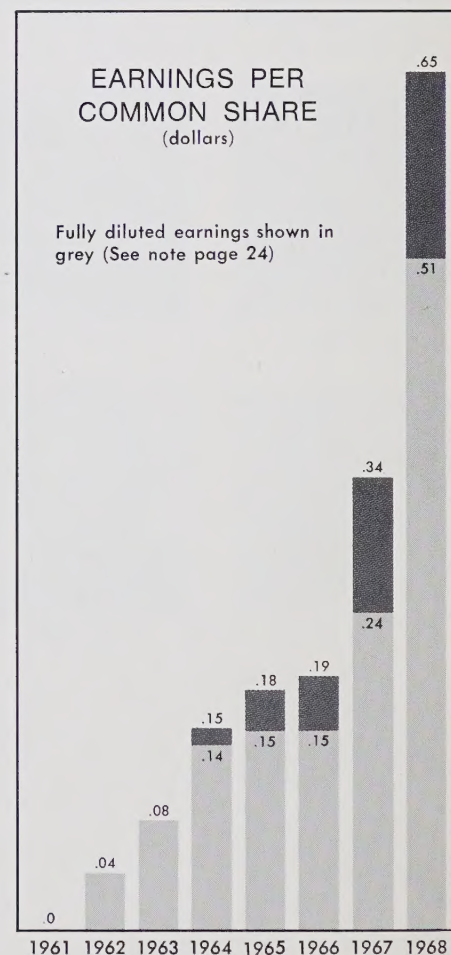
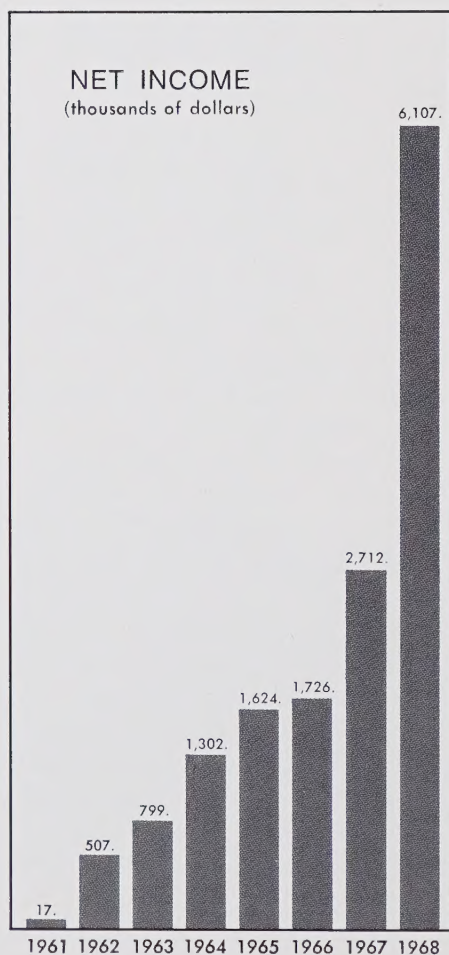
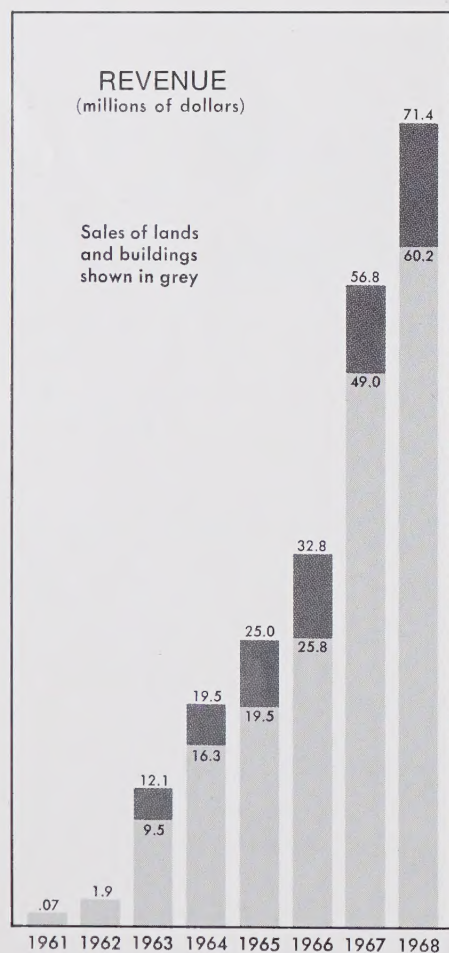
12 Sheppard Street, Toronto 1, Canada.

Financial Highlights

	Percentage Increase	1968	1967
Revenue	+ 25.6%	\$ 71,383,807	\$56,849,438
Revenue Producing Real Estate Portfolio	+ 9.9%	\$ 42,144,927	\$38,356,443
Sales of Lands and Buildings	+ 22.8%	\$ 60,241,380	\$49,037,521
Net Income before Taxes	+ 254.8%	\$ 11,858,548	\$ 3,342,105
Net Income	+ 125.2%	\$ 6,106,748	\$ 2,712,105
Earnings per Common Share	+ 91.2%	65¢	34¢
Fully Diluted Earnings per Common share†	+ 112.5%	51¢	24¢
Quarterly Dividends per Common Share *	+ 60 %	.04¢	.025¢
Total Assets	+ 104.5%	\$174,240,669	\$85,184,666

† See note page 24

* Dividend adjusted for: two-for-one stock-split, January 1968 and three-for-one stock-split, August 1968



Report to the shareholders

1968 was the most successful year in the Company's history. Consolidated net income for the year was \$6,106,748 compared to \$2,712,105 in 1967 representing an increase of 125%. Net income before taxes for 1968 amounted to \$11,858,548 compared to \$3,342,105 for 1967. Per share earnings were 65¢ compared to 34¢ for 1967.

The financial highlights for 1968 are outlined on page 2 of the Annual Report and detailed in the Financial Statements beginning on page 16.

In order to keep abreast of our rapidly growing economy we intro-

duced a new and significant direction in the Company's program of growth. We have always worked successfully with other developers on individual projects and late in 1968 we launched a program to acquire controlling equity positions in certain development companies which have been particularly successful and which have excellent management. The arrangement in all cases is that existing management retain a substantial equity position and continue, in effect, to operate autonomously, assisted by the additional capital, experience and advice we are able to provide. These new associations are more fully described later in this report. It is our intention, through acquisitions of this nature, to establish the Company's presence in all important centres of real estate activity in Canada.

In the United States the Company's subsidiary, Urban Properties Inc., with Mr. Seymour Baskin of Pittsburgh as President, is developing a program similar to that of its parent in Canada. It is actively seeking associations with successful developers in growth areas in the U.S. and is extending its interests to include sale housing and land development, industrial and commercial development, as well as expanding its activities in its social housing program.

In 1968 the Company raised \$30,000,000.00 in the international capital market by the sale of debentures and shares, thus providing the Company with a sound financial base. This money was used to acquire interests in other development companies, to reduce short term obligations, and to acquire various real estate development situations. In order to carry forward our program of further ac-

quisitions and mergers, we intend to raise additional capital during 1969.

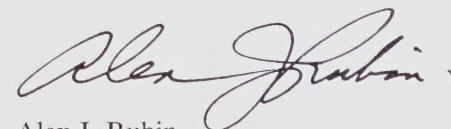
In line with this acquisition program, the Company is in the process of preparing a registration statement for filing with the S.E.C. related to a public offering in the U.S. of \$25,000,000 Convertible Unsecured Subordinated Debentures.

There has been a growing desire on the part of financial institutions to participate in the profits of the real estate development industry to a greater degree than in the past. Revenue Properties welcomes this trend and will encourage such partnership relations.

I record with regret the death of William P. Walker in June of 1968. Mr. Walker had been a Director of the Company since its inception and contributed greatly to the Company's growth and development.

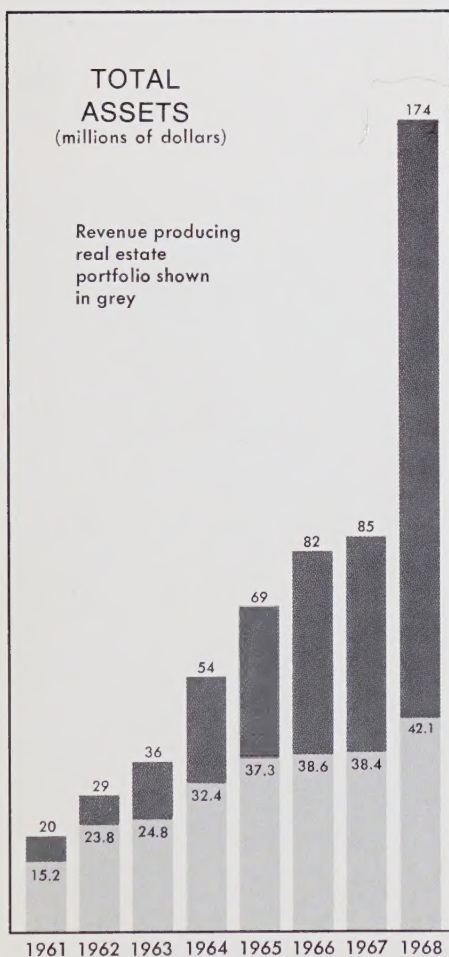
I wish to express my thanks and appreciation to all those associated with the Company for their continued efforts and devotion.

Respectfully submitted,



Alex J. Rubin
President and Chairman of the Board

Toronto, April 21, 1969.



Review of operations

Summary

The Company has greatly expanded its activities and now operates in Canada and the United States through the following five Divisions and five Subsidiaries:

DIVISIONS

(I) LAND DEVELOPMENT DIVISION

Acquires undeveloped acreage, services it with roads, water and sewers and subdivides it into lots which are either sold to builders or turned over to the Company's building subsidiaries.

(II) SALE HOUSING DIVISION

Plans and constructs single family housing developments principally in communities around Metropolitan Toronto.

(III) SOCIAL HOUSING AND SPECIAL PROJECTS DIVISION

Develops and constructs housing under government assisted programs for the elderly, students and low and moderate income families in Ontario and Quebec. This division is also actively developing special projects for Municipal, Provincial and Federal Governments.

(IV) RENTAL HOUSING DIVISION

Designs and develops high-rise,

garden and town house complexes located mainly in the Metropolitan Toronto area. This division includes the development of condominium housing.

(V) INDUSTRIAL DIVISION

Develops industrial parks in which it offers land for sale and/or designs and constructs industrial buildings for lease or sale.

Late in 1968 Revenue Properties began a program of acquiring private real estate development companies. To date the Company has acquired substantial equity positions (ranging from 45% to 75%) in three real estate development companies. These companies operate on a substantially autonomous basis and are presently implementing their own individual programs assisted by the capital, experience and guidance provided by the Company. This is a significant new direction for Revenue Properties and it is anticipated that further acquisitions will take place during 1969.

Early in 1969, Revenue Properties acquired a substantial equity position in Setak Computer Services Corporation Limited. It is anticipated that, apart from Setak's activity in other fields, it will play an important role in the future growth of Revenue Properties through the establishment of data banks in the real estate development field.

SUBSIDIARIES

(I) URBAN PROPERTIES INC.

United States subsidiary specializes in the development of government sponsored housing programs and is now undertaking a program in the United States to diversify and to develop a structure of operations similar to that recently evolved by Revenue Properties in Canada.

(II) VICTORIA WOOD DEVELOPMENT CORPORATION LIMITED

Develops land, constructs and markets residential, commercial and industrial properties in Metropolitan Toronto and vicinity.

(III) CENTENNIAL PROPERTIES LIMITED

Develops and constructs, for private industry or government on the "total design and build" plan housing and commercial properties in the Atlantic Provinces. The emphasis currently is on housing for senior citizens, students and low to moderate income families.

(IV) CAL-MOR INDUSTRIES LTD.

Develops, constructs and markets commercial and residential properties principally in the Province of Alberta.

(V) SETAK COMPUTER SERVICES CORPORATION LIMITED

An established Company in the computing services industry with a long range program to develop important data banks with the emphasis on the transportation and real estate development fields.

The activities of each of these Divisions and Subsidiaries are presented in the sections following.



George Coleman, Vice-President and Harry Rubin, Executive Vice-President examine a registration statement relating to a public offering of the Company's Securities in the U.S.



Canada's Governor General Roland Michener initiates the demolition of downtown buildings in St. John, New Brunswick, to make way for the new City Hall Complex being developed by Revenue Properties. Alex Rubin, Revenue Properties' President, looks on.

A Few Development Highlights



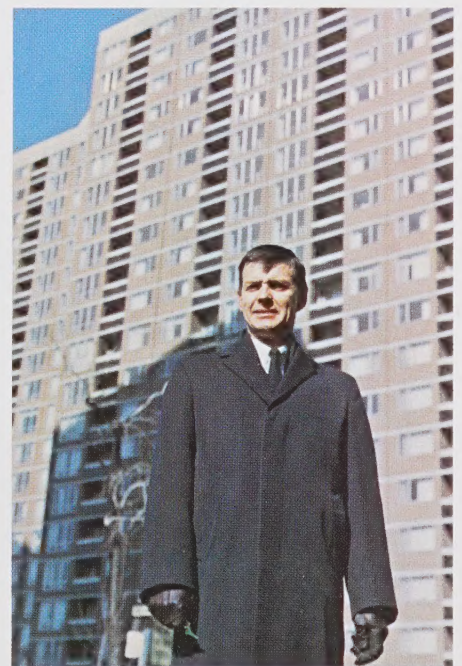
Driftwood Heights, Metropolitan Toronto's first completed Condominium project sold 50% of the available units during the first month of marketing.



Herb Green, Vice-President, and Alex Rubin, President, unveil plans for a new city having an area of 14 square miles located 9 miles from Metro Toronto.



The Colonnade, one of North America's most fashionable shopping and residential land marks, is now in its fifth year of attracting tourists from all over the world.



The first tower of a 713 unit student residence in downtown Toronto is completed only 12 months after ground breaking. Peter Bastedo, Vice-President, supervised the project.

Herb Green, Vice-President of Revenue Properties, directs a group of key personnel presently engaged in developing over 10,000 acres of land in sixteen market areas across Southern Ontario.

The Company's major land development project is Century City, a new projected city being developed by Revenue Properties on approximately 7,000 acres of land owned by the Company located 25 miles north and east of downtown Toronto and less than nine miles north of the

Metro Toronto boundary.

The first phase of this development will be under way in 1969. C.C.M. is moving its operations to a 400,000 square foot plant being constructed by Revenue Properties' Industrial Division on a 40 acre site in Century City. The plant is scheduled for completion in the spring of 1970 and an additional 60 acres is being reserved to allow C.C.M. to expand its plant to 1,000,000 square feet.

In addition to Century City, this division currently has over 3,000

acres under development in other areas as compared to 2,000 acres a year ago. Most of this land inventory is expected to be turned over within a period of three years.

The activities described under this division represent only residential land development in Southern Ontario. For other land development activity not included in this division see Industrial Division (page 10), and Victoria Wood Development Corporation (page 12).



Roger Cunningham, Land Development Manager, and Herb Green, Vice-President, examine a new location acquired by the Company.



Over 10,000 acres of land are being developed across Southern Ontario.

Sale Housing Division

This division under the direction of Laurie Livesay, has under construction or for sale 375 houses; construction is scheduled to begin on an additional 450 houses before the end of 1969. Most of these residences are located on land developed by the Company in Southern Ontario, near Metropolitan Toronto. Most houses

sold by this division are three and four bedroom models with one or two baths, on lots averaging 5,000 square feet. Prices currently range from \$21,000 to \$29,000, with financing generally available under the National Housing Act (Canada) or through conventional mortgages obtainable from customary institutional sources

of mortgage financing. Currently this division has houses under construction in Acton, Orangeville, Fergus, Guelph, Barrie and Stratford in Ontario.

For other sale housing activities in Toronto see Victoria Wood Development Corporation (page 12).



825 homes are scheduled for completion and sale in 1969 by this division in Southern Ontario.



South Park Estates, one of the Company's housing developments in Orangeville, Ontario.

Rental Housing Division

This Division acts as developer and construction co-ordinator for the erection of multiple-family housing projects. The Company's multiple-family housing projects include high-rise apartment, garden apartment and town house developments, located mainly in Metropolitan Toronto. Several projects in which the Company has participated have been recognized for excellence of design through awards of such organizations as the Canadian Housing Design Council.

Currently under construction or under development are 4,324 housing and apartment units.

Among some of the better known completed developments in Toronto are Yorkwoods Village and Don Valley Woods, complexes comprising in total approximately 3,000 residential units of townhousing and high-rise apartments.

Condominium housing is a new form of development which is being carefully considered. The Company is currently selling 108 units which

were previously held as rental property and has under construction 115 units of row housing, all of which will be sold as condominium homes. Revenue Properties believes that the importance of condominium housing will increase substantially in the future.

For other rental housing activity see Victoria Wood Development Corporation (page 12), Centennial Properties (page 13) and Cal-Mor Industries (page 14).



Driftwood Heights, 108 townhouse units, now being marketed as condominium homes.



The Massey Medal awarded to Don Valley Woods, the Company's townhouse project in Don Mills, for excellence of architectural design.

Social Housing and Special Projects Division

The Company's activities in connection with social housing projects include preparing and carrying out package proposals covering acquisition of land site, architecture, engineering and construction. Units are typically built with government financing for ownership by a government agency or a cooperative or a non-profit corporation. The Company contracts with the social housing cor-

poration to supply a building at a fixed price on a "turnkey" basis.

In Ontario, this division has 4,513 units under construction or under development.

The provincial and federal governments, in their space requirement program, have been turning more and more to the 'turn-key' projects and have called for proposals from de-

velopers. Revenue Properties is actively negotiating on such developments. One example is the Company's project in St. John, New Brunswick, where Revenue Properties is developing the new City Hall Complex for the City of St. John.

For other Social Housing activities in the U.S. and the Atlantic Provinces see Urban Properties (page 11) and Centennial Properties (page 13).



Sidney Dakin and George Forrest examine the architect's plans for the City of St. John City Hall Complex. A rendering of the Complex is in the background.



To be fully occupied in July, 1969, is the Yonge-Charles St. Mary's Students' residence being completed for the Ontario Students Housing Corporation.

Revenue Properties was among the first to offer the "package plan" for industrial buildings in Canada. Buildings, under this plan, are available on a lease or contract basis, designed to the tenant's exact requirements. This Division also develops general purpose buildings which are subsequently divided into units and leased to tenants.

Revenue Properties was one of the pioneers in the development of attractive industrial parks. The Company presently owns 13 industrial parks, of which 10 are in Metro-

politan Toronto (800 acres), two are in Montreal (60 acres) and one is in Los Angeles (28 acres). Through architectural and other planning controls the Company develops these parks so as to afford tenants controlled environments designed to improve the appearance and convenience of the sites. At December 31, 1968, there were under construction in these parks 17 industrial buildings containing a total of more than 960,000 square feet.

Early in 1969, arrangements were finalized with C.C.M. to provide them with a 400,000 square foot plant in

the Company's Century City development.

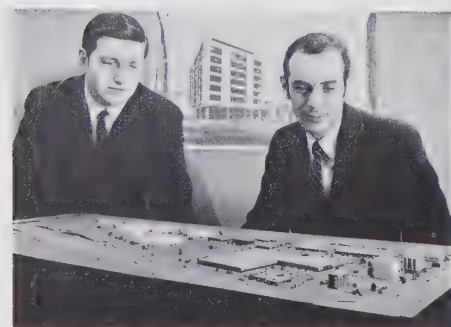
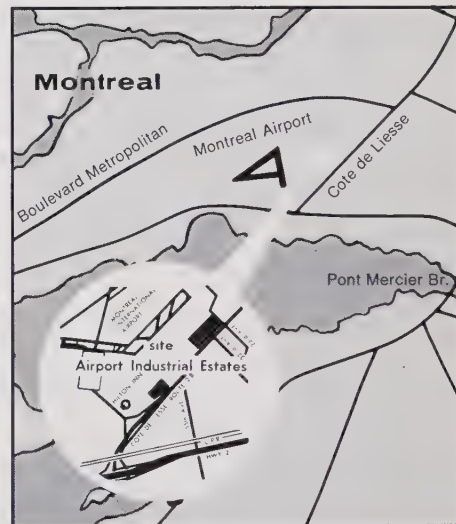
This division also has under development and scheduled for completion in 1969 an additional 600,000 square feet of space to be leased to a variety of tenants.

In addition to the "package plan", sites in many of the Company's industrial parks are available on an outright purchase basis.

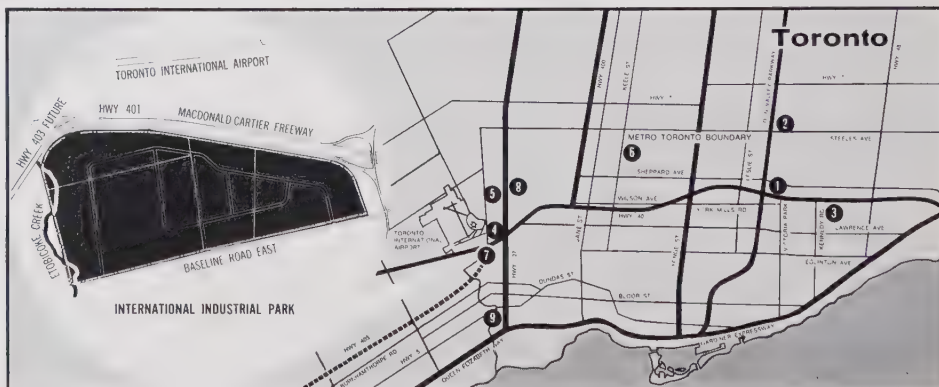
See Projects Under Development (page 25) for a list of the industrial parks presently being developed:



Jules Stein, Chairman of the Board, MCA, discusses the new MCA Canadian head office, Revenue is completing, with Sam Craig, Revenue Vice-President and Alex Rubin, Revenue President.



Sam Craig, Vice-President, and Michael Wright, head of the Montreal Industrial Division, examine a model of the Company's Victoria Industrial Park. A rendering of the MCA building is in the background.



International Industrial Park (7) in Toronto, immediately south of the Toronto International Airport, consisting of approximately 400 acres, represents the Company's major project in this division. The others are: 1. Victoria Industrial Park; 2. Donway Industrial Park; 3. Birchmount Industrial Park; 4. Constellation Industrial Park; 5. Disco Industrial Park; 6. University Industrial Park; 8. Ambassador Development; 9. Sherway Mall Development and Brampton City Centre Industrial Park (not shown).

Urban Properties Inc. U.S.A. Subsidiary

Urban Properties under the direction of Seymour Baskin, President has established itself as one of the most important developers of government sponsored housing in the United States.

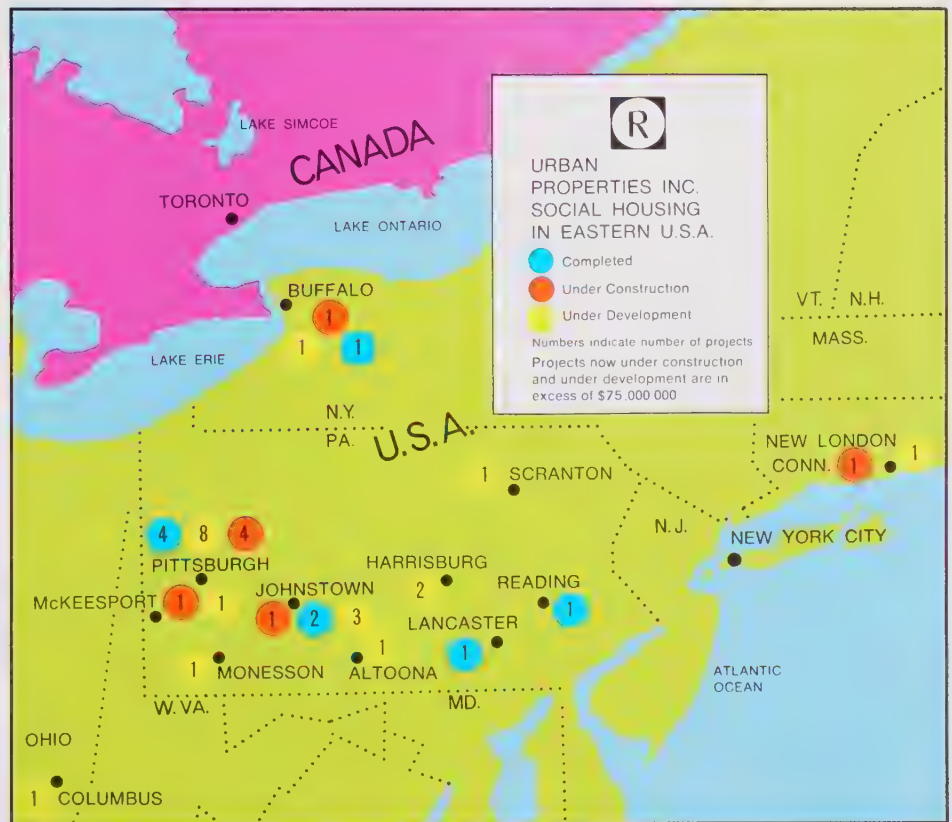
It currently has under development or under construction projects consisting of 4,883 units having a value in excess of \$75 million. Of this, approximately \$30 million in projects is presently under construction.

Most of Urban Properties' activities to date have been concentrated in the area of subsidized rental accommodation for low income families, and in the development of 'turn-key' projects for the federal government. The Company's future plans involve the expansion into other areas of real estate activity, including industrial and commercial development as well as land development and house building.

The Company, headquartered in Pittsburgh, is currently planning to expand its activities into several growth areas in the United States. Urban Properties is negotiating acquisition, merger and partnership opportunities on the west coast, in Florida, in Washington and in Boston. In this respect, it is following a successful pattern established by its parent company Revenue Properties, in Canada.



The Administrative Committee consisting of Robert A. Martin, Assistant Vice-President, Administration (on left), Seymour Baskin, President (centre), David E. Small, Vice-President, Development (on right) and James R. Allen, Vice-President, Finance (not shown), meet every week.



Projects now under development and under construction are in excess of \$75,000,000.

Victoria Wood Development Corporation Limited

Victoria Wood Development Corporation Limited represents an association of Morris Emer and Joseph Godfrey who have been real estate developers for 20 years and who have built and sold more than 3,000 housing units in Toronto.

The company has under construction or planned for development 1,236 housing units, 3,817 apartment units and approximately 650,000 square feet of industrial and commercial space, in addition to an extensive program of land development.

In the planning stages, scheduled for completion during the next three to five years, are a number of residential and commercial projects in choice locations in Toronto representing a total value in excess of \$100 million.



Chatelaine Magazine honoured this Victoria Wood home with its Chatelaine Design Home Award in 1968.



Commercial and residential development located at Main Street and Danforth Avenue in Metropolitan Toronto, to start in 1969.

Centennial Properties and its subsidiaries represent the most active real estate development group in the Atlantic Provinces, and currently is in various stages of developing approximately \$30 million worth of property.

Among its completed projects, Centennial Properties can point to several important office buildings in Halifax, the Citadel Inn Hotel and more than \$15 million worth of apartment towers in Halifax, N.S., and St. John, N.B.

The Company has currently 3,359 units under construction and devel-

opment consisting of a number of student residences for St. Mary's University in Halifax and for the University of New Brunswick in Fredericton, as well as senior citizen projects for the City of Halifax, Province of Nova Scotia and Government of Canada.

Strong emphasis is currently on the social housing field. Advanced planning is under way in nine centres in the Atlantic Provinces for twelve individual projects including student residences, senior citizens' apartments and homes for the aged.

These projects are all being developed for Government, University or non-profit organizations on firm contract basis.

Centennial Properties has a young and capable management group led by Ralph Medjuck, President, Ronald Crory, Senior Vice-President, and Robert Foster, Vice-President and Treasurer. Their comprehensive approach includes economic and social planning, site and project selection, financing, design, construction, scheduling and property management of the completed project.



Ralph Medjuck, President, and Ronald Crory, Senior Vice-President, examine the plans for one of the twelve social housing projects they are constructing in the Atlantic Provinces.



Scheduled for completion early this year is the new student complex at St. Mary's University in Halifax. A completely new concept in Student Housing, this complex will offer a variety of accommodations for 612 students.

Cal-Mor, under the able management of its founder and President, Morris Kowall, has been responsible for the development of approximately \$30 million of real estate. It now begins a new phase of its activities, in association with Revenue Properties.

Among the completed projects developed by Mr. Kowall since 1962

are Calgary's Texaco building, Edmonton's 26-storey C.N. Tower, Westbrook Shopping Centre in Calgary and Capillano Mall Shopping Centre in Edmonton.

In November of 1968 the Company began the construction of Penthouse Towers, a \$4 million 33-storey apartment high-rise in downtown Calgary.

Cal-Mor has planned for development in Calgary one of the largest integrated commercial developments in Western Canada. This \$22 million development is to include a Greyhound bus terminal, a twenty-two storey office building, a 360 suite apartment complex and a 400 room hotel. The buildings will be integrated with a retail shopping mall and a three-level department store of approximately 125,000 square feet.



Pictured at the Official Concrete Pouring Ceremony of the Penthouse Towers Apartment project are Morris Kowall, President of Cal-Mor, Mr. Dixon, Speaker of the House for the Province of Alberta, Brian Showell, Revenue Properties, and Jack Leslie, Mayor of the City of Calgary.



Opened in 1962, Edmonton's 26-storey C.N. Tower and Terminal represents the tallest completed office structure in Western Canada.

In the 1970's, the development of data banks in conjunction with computer services will create a fundamental change in the methods of the operation of business and government throughout the world. Billions of dollars will be invested by governments and industry in the creation of these data banks.

Setak will specialize in the development of data banks in areas where its management has acquired considerable recognition.

Dr. Joseph Kates, who heads Setak, is a well known expert in the computer industry whose particular expertise is the application of computers in the transportation field.

Revenue Properties with its extensive operations and its recognition of

the significant role that data banks will play in the real estate industry, will embark with Setak on the development of data banks for the real estate and community planning fields.

Dr. Kates established the first data processing service centre in Canada in 1954 and by 1966 had developed an organization with a dozen offices in Canada, the United States and the United Kingdom. At that time the company was a well established, computer oriented, consulting and management company. In January of 1967 the consulting businesses were sold to Kates, Peat, Marwick and Co., a partnership formed by the partners of Peat, Marwick, Mitchell & Co., and senior employees of Dr. Kates' companies.

The computing service division was retained by Dr. Kates and continued to operate as a data processing centre.

Setak will continue providing data processing services and plans to open new specialized computer oriented companies in Canada and the United States. The company also plans to acquire or to enter into partnerships with management groups operating in this field.

In the immediate future the company will work with Revenue Properties in developing major data banks for the real estate and community planning industries, and with the experience and knowledge of Dr. Kates will be developing data banks for the transportation industry.



Setak's head office at 20 Spadina Road in Toronto, houses two computers.



Dr. Donald Kaplan, Senior Scientist and Dr. Joseph Kates, President, discuss the model of a system that Setak is developing.

Consolidated Balance Sheet

as at December 31, 1968

(with comparative figures for 1967)

Assets

	1968	1967
Cash	\$ 4,654,941	\$ 4,505,658
Accounts, rents and other receivables (Note 2)	11,881,720	4,717,700
Prepaid expenses and sundry assets	727,333	455,131
Mortgages receivable (Note 3)	39,654,617	20,816,316
Real estate under development (Note 4)	63,202,273	15,658,587
Revenue producing real estate (Note 5)	42,144,927	38,356,453
Investment in listed securities at cost (Note 6)	7,395,000	—
Investment in and advances to affiliated companies (Note 7)	2,232,713	406,826
Furniture and equipment at cost less accumulated depreciation	140,859	86,651
Deferred charges	1,037,786	181,344
Cost of shares of subsidiary in excess of book value less amortization (Note 1)	1,168,500	—

On behalf of the Board:



ALEX J. RUBIN, Director



SAMUEL GOTFRID, Q.C., Director

\$174,240,669

\$85,184,666

Liabilities

	1968	1967
Bank indebtedness (Note 8)	\$ 1,656,500	\$ 2,131,997
Accounts and notes payable and accrued liabilities	14,810,880	8,079,651
Income taxes (Note 9)	325,196	150,000
Estimated cost to complete development of land sold (Note 3b)	5,431,556	3,272,000
Loans secured by mortgages receivable (Note 10)	21,839,527	14,586,065
Other secured loans (Note 11)	6,750,000	—
Mortgages on real estate under development (Note 12)	33,909,185	7,643,948
Mortgages on revenue producing real estate (Note 13)	29,768,954	30,988,749
7½ % Sinking fund debentures (Note 14)	16,923,000	3,600,000
7½ % Convertible subordinated sinking fund debentures, Series A (Note 15)	5,023,000	—
	<u>\$136,437,798</u>	<u>\$70,452,410</u>
Deferred income taxes (Note 9)	\$ 6,180,000	\$ 980,000
Minority shareholders' interest (Note 1(ii))	\$ 1,250,813	—
Lease obligations and contingent liabilities (Notes 16 and 17)		

Shareholders' Equity

Capital stock (Note 18)		
First preference shares with a par value of \$20 each		
Authorized, issued and outstanding, 1968, nil; 1967, 70,175 shares	—	1,403,500
Common shares without par value,		
Authorized, 16,164,060 shares		
Issued and outstanding, 10,473,098 shares; 1967, 8,397,120 shares	\$ 20,987,682	\$ 7,422,963
Retained earnings	9,147,137	4,527,262
Retained earnings appropriated for second preference shares issuable as stock dividends	237,239	398,531
	<u>\$ 30,372,058</u>	<u>\$13,752,256</u>
	<u>\$174,240,669</u>	<u>\$85,184,666</u>

Consolidated Statement of Income and Retained Earnings

For the Year Ended December 31, 1968
(with comparative figures for 1967)

	1968	1967
REVENUE		
Sale of land and buildings	\$35,889,463	\$38,755,377
Land development sales	24,351,917	10,282,144
Rental income	8,578,462	6,779,492
Interest on mortgages	1,457,753	868,322
Fees and other income	994,395	164,103
Equity in earnings of affiliated companies (Note 7)	111,817	—
	<u>\$71,383,807</u>	<u>\$56,849,438</u>
EXPENDITURE		
Cost of land and buildings	31,055,855	35,169,664
Cost of land development sales	15,740,088	8,565,247
Property operating expenses	6,235,941	4,852,473
General and administrative	1,576,739	1,001,848
Interest on mortgages, bonds and similar debt	4,096,654	3,181,742
Depreciation	819,982	736,359
	<u>\$59,525,259</u>	<u>\$53,507,333</u>
INCOME FROM OPERATIONS	<u>\$11,858,548</u>	<u>\$ 3,342,105</u>
Taxes on income (Note 9) (deferred portion 1968, \$5,200,000; 1967, \$480,000)	5,615,000	630,000
	<u>\$ 6,243,548</u>	<u>\$ 2,712,105</u>
Minority shareholders' interest	136,800	—
NET INCOME	<u>\$ 6,106,748</u>	<u>\$ 2,712,105</u>
RETAINED EARNINGS, JANUARY 1	<u>4,527,262</u>	<u>2,966,108</u>
	<u>\$10,634,010</u>	<u>\$ 5,678,213</u>
Less: Dividends — Preference shares	82,705	224,070
— Common shares	1,404,168	671,329
Other	—	255,552
	<u>\$ 1,486,873</u>	<u>\$ 1,150,951</u>
RETAINED EARNINGS, DECEMBER 31	<u>\$ 9,147,137</u>	<u>\$ 4,527,262</u>

Notes to Consolidated Financial Statements

December 31, 1968

1. CONSOLIDATION

The accounts of all subsidiaries, after elimination of inter company items and providing for minority shareholder's interest have been included in the consolidated financial statements. The amount at which these investments are carried on the books of the parent company is equal to the amounts shown as paid up capital stock on the books of the subsidiaries and is \$7,123,527 less than the net assets applicable to such investments based on the books of the subsidiaries, all of which has been credited to retained earnings on consolidation.

The financial statements include the proportionate share of the assets, liabilities and income pertaining to the Company's undivided interests in fifteen joint-ventures.

During the year the Company acquired the following subsidiaries:

(i) All the issued shares of two companies for an aggregate consideration of \$2,200,000 of which \$970,000 was paid in cash and the balance was satisfied by the issue of 91,111 common shares valued at \$1,230,000. Of the aggregate consideration, \$970,000 was allocated to certain income properties and the balance is reflected as "cost of shares of subsidiary in excess of book value" and is being amortized over a twenty year period.

(ii) On November 22, 1968, an interest in Victoria Wood Development Corporation Limited ("Victoria Wood") by the purchase of 354,875 common shares at \$2.50 per share, representing 69.62% of the voting shares and 44.36% of the participating shares. The minority shareholders' interest consists of 154,880 common shares and 290,245 non-voting participating junior preference shares (participating equally with common shares and convertible into common shares on a share for share basis). The Company has the right, expiring September 1, 1978, to purchase such junior preference shares from the present owners before sale or conversion at prices based upon the then current average market price. On November 22, 1968 the Company also purchased \$5,000,000 8% senior secured debentures of Victoria Wood which on February 6, 1969 were repurchased (and cancelled) by application of the proceeds of a sale by Victoria Wood of a new issue of \$5,000,000 8% sinking fund secured debentures. During the period expiring September 1, 1978 the Company has agreed that if Alex J. Rubin shall cease to be a director and senior officer of Revenue Properties, it will vote its common shares so as to elect as a majority of the Board of Directors of Victoria Wood persons nominated by the minority shareholders. Subsequent to December 31, 1968 Victoria Wood made a public offering of 200,000 units each consisting of two series A senior preference shares and one common share. The Company acquired approximately 80,000 of these units.

2. ACCOUNTS, RENTS AND OTHER RECEIVABLES

This balance consists of the following:

Construction contracts	\$ 5,652,286
Due from joint venture participants	2,273,444
Notes and loans	1,667,645
Rents, interest and miscellaneous	1,574,564
Balances due on closing relating to land sales	713,781
	<u>\$11,881,720</u>

3. MORTGAGES RECEIVABLE

Mortgages receivable are classified as follows:

Mortgages on properties sold	\$ 7,780,242
Mortgages on properties sold and leased back (a)	5,136,899
Mortgages and other receivables for sale of land (b)	27,312,476
	<u>\$40,229,617</u>
Less valuation reserve	575,000
	<u>\$39,654,617</u>

(a) These arose from sales prior to 1968. The gain on sale and leaseback transaction was reflected in the income during the period the sale took place. The Company presently amortizes such gain over the life of the lease.

(b) These arose principally from the sale of land to house builders. Land is frequently sold on condition that subdivision be completed and services for the community arranged. The sale price and related costs are recorded at the time of closing. Such costs are defined as that portion of the total cost of the development area which equals the percentage that any individual sale bears to the total estimated sales value of the development area and include (1) the total cost of unimproved land in the development area, (2) capitalized interest, real estate taxes and administrative expenses and (3) estimated cost to complete the required improvements.

These balances are receivable approximately as follows:

Year ending December 31, 1969	\$ 5,336,334
1970	8,206,130
1971	1,815,549
1972	1,070,106
1973	13,002,042
Subsequent to December 31, 1973	10,224,456
	<u>\$39,654,617</u>

Mortgages and other receivables for sale of land generally contain clauses providing for earlier principal repayment in the event construction on the land occurs prior to the maturity date.

Substantially all mortgages receivable are pledged against secured loans (Note 10).

4. REAL ESTATE UNDER DEVELOPMENT

Real estate under development consists of land costs of \$47,197,446 and cost of improvements of \$16,004,827 for those projects under development at December 31, 1968. Such costs include approximately \$2,013,018 of capitalized interest, real estate taxes and administrative expenses.

The Company is engaged in a substantial program of construction under public housing programs. Profit from such construction is recorded on the basis that the percentage of costs incurred to date over total estimated cost bears to the estimated profit to be earned for each contract.

5. REVENUE PRODUCING REAL ESTATE

Revenue producing real estate consists of the following:

Land at cost	\$ 6,108,300
Buildings and improvements at cost	39,810,035
	45,918,335
Less accumulated depreciation of	3,773,408
	\$42,144,927

6. INVESTMENT IN LISTED SECURITIES

This represents the cost of 290,000 common shares of Seaway Multi-Corp. Limited at \$25.50 per share. 230,000 shares are owned by the Company and 60,000 by Urban Properties, Inc., a subsidiary of the Company. Urban Properties, Inc. sold an option, exercisable in January, 1970, to purchase at \$34.00 per share its 60,000 Seaway shares. The price for the option was \$600,000 (which amount is included in income for the year), one half in cash and one half by a 7% promissory note due December 24th, 1969. The quoted value of Seaway common shares on The Toronto Stock Exchange at December 31st, 1968 was \$34.75 per share, and at April 17, 1969, \$26.00 per share.

7. INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANIES

These represent the Company's 50% share holdings in certain companies. These are stated at cost plus the Company's equity in the earnings since date of acquisition. This amount is \$332,885 in excess of the net assets of these companies as shown by their books.

8. BANK INDEBTEDNESS

Of the amount shown as bank indebtedness, \$1,146,500 is secured by mortgage commitments on construction contracts on real estate under development and the balance of \$510,000 is unsecured.

9. INCOME TAX

Deferred income taxes arise from differences between income for financial reporting purposes and taxable income under the Income Tax Act in three principal areas: instalment sales of real estate, depreciation of properties, and certain charges relating to real estate development.

Instalment sales of real estate

Profits from sales of real estate where mortgages are received as partial consideration are recorded in full in the

year of sale. A deferment of income is permitted so that taxable income is recorded on the basis of the cash instalments received on the mortgages.

Depreciation of properties

The Company records depreciation on a straight-line method on the estimated useful lives of the various assets. For income tax purposes, however, the Company claims depreciation on these assets at the maximum rates allowed under the Income Tax Act, which rates are higher than those for recorded depreciation.

Certain charges relating to real estate development

Interest and other carrying charges directly attributable to a property under development are capitalized as a cost of such property plus such portion of the general overhead and expenses as are applicable. These expenses, however, are written off for income tax purposes during the year incurred. For fiscal years up to and including December 31, 1967, deferred income taxes on the excess of income reported for financial statement purposes over taxable income were not reflected in the accounts except for an amount which was provided relative to income taxes deferred because of mortgages received on sales of real estate. Under the Company's present policy deferred income taxes resulting from the writing off of expenses capitalized and from the excess of depreciation claimed for income tax over recorded depreciation are also recorded in the accounts. The accumulated amount of deferred income taxes unrecorded amounts to \$2,200,000.

10. LOANS SECURED BY MORTGAGES RECEIVABLE

These loans are secured by mortgages and other receivables arising out of sales of land and other real estate. Interest rates vary from 6% to 13% (average 9.7%) per annum. Principal repayments on these mortgages are approximately as follows:

Year ended December 31, 1969	\$10,327,189
1970	2,763,472
1971	2,151,648
1972	1,975,625
1973	4,422,718
Subsequent to December 31, 1973	198,875
	\$21,839,527

In the opinion of management the loans are renewable at maturity on similar terms.

11. OTHER SECURED LOANS

These funds were borrowed from the family trusts of Alex J. Rubin and Harry Rubin, bear interest at the rate of 8% per annum and mature as to one third on December 28 in each of the years 1969-1971. The Company pledged as security \$5,000,000 8% senior secured debentures of a subsidiary, Victoria Wood Development Corporation Limited, and undertook to pledge further assets to fully secure the loans if requested by the family trusts. When the debentures were subsequently cancelled the Company substituted, as security its common shares of Seaway.

12. MORTGAGES ON REAL ESTATE UNDER DEVELOPMENT

The mortgages bear interest at an average rate of 7.4%. Principal repayments on these mortgages are approximately as follows:

Years ending December 31, 1969	\$10,399,870
1970	6,618,643
1971	3,777,994
1972	5,127,707
1973	2,175,806
1974	440,595
1975	1,758,203
1976	408,867
1977	65,998
1978	436,211
Subsequent to December 31, 1978	2,699,291
	<u>\$33,909,185</u>

Mortgages include first mortgages, balances due with respect to land acquisitions and interim financing, all of which are secured primarily by land. These obligations will be discharged out of the proceeds of first mortgage financing where construction is in progress or from the proceeds of sales. To the extent that properties remain undeveloped or unsold at the maturity dates, the mortgages are, in the opinion of management, renewable on similar terms.

13. MORTGAGES ON REVENUE PRODUCING REAL ESTATE

The mortgages bear interest at an average rate of 8.4%. Principal repayments on these mortgages are approximately as follows:

	Amortized First Mortgages	Short Term Mortgages	Total
Years ending			
December 31, 1969	\$ 2,202,087	\$3,979,100	\$ 6,181,187
1970	1,029,029	1,290,000	2,319,029
1971	1,835,694		1,835,694
1972	753,972		753,972
1973	980,409		980,409
1974	902,483		902,483
1975	1,467,894		1,467,894
1976	1,356,706		1,356,706
1977	1,012,267		1,012,267
1978	1,140,357		1,140,357
Subsequent to			
December 31, 1978	11,818,956		11,818,956
	<u>\$24,499,854</u>	<u>\$5,269,100</u>	<u>\$29,768,954</u>

14. 7½% SINKING FUND DEBENTURES

These Debentures, Series A to E inclusive, rank equally and bear interest at the rate of 7½% per annum. Principal amounts outstanding and sinking fund requirements are as follows:

	Amount outstanding December 31, 1968	Annual Sinking Fund Payments			
		Amount	Date	Years	Maturity Date
Series A (a)	\$ 2,038,000	\$ 50,000	Nov. 15	1962-1972	Nov. 15, 1973
Series B (a)	1,385,000	40,000	June 1	1966-1976	June 1, 1977
Series C (b)	7,500,000	750,000	Aug. 15	1969-1975	Feb. 15, 1976
Series D (b)	6,000,000	600,000	Dec. 15	1969-1975	June 15, 1976
Series E (c)	—	—			
	<u>\$16,923,000</u>				

(a) The Series A and Series B debentures when originally issued were accompanied by share purchase warrants referred to as 1961 warrants and 1965 warrants respectively (Note 18).

(b) Principal and interest payments on Series C and D debentures are subject to proportionate adjustment up to a maximum of 15% in the event of any change in the relationship between Canadian and West German currencies. The amount of the annual sinking fund payment may be increased in the event of certain changes in the tax laws of West Germany.

(c) The Series E debentures of \$5,000,000 principal amount were issued and pledged during the year to secure a bank loan. When the bank loan was repaid on December 16, 1968 the Series E debentures were transferred to a nominee of the Company and may be reissued as the Company might direct subject to compliance with the provisions relating to the issue of additional debentures under the Trust Deed.

15. 7½% CONVERTIBLE SUBORDINATED SINKING FUND DEBENTURES, SERIES A

The Series A convertible debentures are due June 30, 1988, and are entitled to a sinking fund for the retirement of \$700,000 aggregate principal amount of such debentures on June 30th, in each of the years 1979 to 1988 inclusive. The debentures are convertible, up to the earlier of June 30, 1988, or three business days prior to the date specified for their redemption, into common shares without par value of the Company at the following prices: prior to July 1, 1978, \$9.00 per share; thereafter and prior to July 1, 1983, \$10.67 per share; thereafter and prior to July 1, 1988, \$12.67 per share; such prices are subject to adjustment as provided in the Trust Indenture.

16. LEASE OBLIGATIONS

The Company has sold and leased back certain properties. Rents paid during 1968 on such properties amounted to \$2,619,628.

The Company has the right to terminate certain of the leases upon payment of a specific amount relative to each lease with the aggregate amount of payments being \$1,792,650. The following are the annual rents payable under leases in effect at December 31, 1968, and the annual amount of rent that would be payable if the Company exercised its right to terminate leases.

Year	Approximate Annual Rents Payable	Approximate Annual Rents Payable if Company Exercised Rights to Terminate Leases
1969	\$2,525,000	\$ 625,000
1970	2,313,000	414,000
1971 - 1976	2,138,000	238,000
1977 - 1978	2,107,000	207,000
1979	2,034,000	187,000
1980	1,711,000	—
1981	1,552,000	—
1982 - 1987	1,388,000	—
1988 - 1989	502,000	—
1990 - 1997	409,000	—

Rents are also payable on long-term land leases approximately as follows:

1969 - 1993	166,000	—
1994 - 2019	154,000	—
2020 - 2060	133,000	—

17. CERTAIN TRANSACTIONS

(i) During a prior year a wholly-owned subsidiary entered into agreements with respect to two properties sold and leased back giving the purchasers the right to sell the properties back to the subsidiary for the original purchase price less any reduction in the first mortgages on the properties between the date of purchase and the date of exercise of the option. In the event that the purchasers exercise the rights the cash payments required to repurchase the properties aggregate \$767,500.

(ii) The Company sold a parcel of unimproved land for \$2,662,500 to an officer of a wholly-owned subsidiary with an option through June 1970 to repurchase a 70% interest in same at an equivalent proportion of the selling price (aggregating \$1,863,750) and of development costs incurred by the purchaser.

(iii) Reference is made to clause (ii) of Note 1 with respect to Victoria Wood Development Corporation Limited ("Victoria Wood"). The Company has granted to certain companies controlled by directors of "Victoria Wood" the option to require the Company to purchase all or part of their common and junior preference shares in Victoria Wood at a price of \$12.50 per share, such right continuing until September 1, 1978. In the event of exercise of the option, the Company can, in lieu of purchasing the shares, require the party exercising the right to purchase an equal number of its common shares of Victoria Wood at \$2.50 per share plus the portion of consolidated net earnings attributable to such shares. The Company has also agreed that if Victoria Wood is required by a subsequent purchaser of its 8% senior secured debenture to increase the sinking fund payments (which the purchaser has the right to do under certain circumstances), the Company will loan to Victoria Wood the additional funds required to meet the increased payments with interest at 8% per annum.

In June 1968 the Company sold to Victoria Wood Homes, a limited partnership controlled by the minority shareholders of Victoria Wood, a parcel of unimproved land for \$4,625,000 with an option through June 1, 1970, to repurchase a 75% interest in same for an equivalent proportion of the selling price (aggregating \$3,468,750) and development costs incurred by the purchaser. On September 1, 1968, Victoria Wood acquired substantially all of the assets of the limited partnership including the above land at its cost to the limited partnership.

(iv) The Company, as a 75% joint venture participant, completed construction of a commercial-residential building on a contract basis in consideration of a fixed price and a lease of commercial areas in the building for fifty years at an annual rental of \$1. In computing the profit on the construction no portion of the cost of construction was allocated as cost of the lease. The Company sold its 75%

interest in the lease to the joint venture participant for the sum of \$1,800,000 payable over a 30 year period on an amortized basis with interest at 8% per annum. The Company retained the right to participate as to 75% of annual rentals in excess of an agreed upon amount.

18. CAPITAL STOCK

The Company's common shares were split on a two for one basis in January 1968 and again on a three for one basis in August 1968. All references to common shares in these notes are stated after giving effect to these stock splits.

The Company has reserved a total of 2,697,943 common shares as follows:

Warrants

Warrants to purchase 1,625,310 of the Company's common shares were outstanding as of December 31, 1968. The warrants were issued in connection with the sale of Debentures of the Company and are exercisable as follows:

	Price per Share	Number of Shares
<i>Exercisable on or before</i>		
1961 Warrants —		
November 15, 1973	95.8¢ on or before Nov. 15, 1969, increase by 4.2¢ per year thereafter	1,119,510
1965 Warrants —		
June 1, 1975	\$1.50 on or before June 1, 1969, \$1.83 on or before June 1, 1972, \$2.17 on or before June 1, 1975	505,800
		<u>1,625,310</u>

Stock Options

The Company has reserved 259,500 common shares for issuance pursuant to stock option agreements at December 31, 1968. Proceeds from the exercise of options are credited to common share capital.

Additional information regarding stock options for 1968 is shown in the following table:

	Number of Shares	Option Price Per Share	Total	Market Price on Date	Total
Options granted:	82,500	\$7.50-\$12.15	\$662,625	\$7.83-\$13.50	\$697,500
Options that became exercisable:	36,000	\$1.09-\$ 1.95	\$ 60,478	\$8.00-\$18.38	\$525,375
Options exercised:	21,000	\$1.00-\$ 1.95	\$ 25,440	\$3.50-\$15.38	\$163,125

Stock Purchase Agreements

The Company has reserved 255,000 common shares at December 31, 1968 with respect to various stock purchase agreements with certain officers of the Company to be purchased at prices ranging from \$2.15 to \$5.83 per share.

Additional information regarding Stock Purchase Agreements for 1968 is shown in the following table:

	Number of Shares	Purchase Price Per Share	Total	Market Price on Date	
				Per Share	Total
Share purchase agreements:	75,000	\$5.83	\$437,475	\$5.93	\$444,750
Shares which employees become obligated to purchase:	36,000	\$2.15-\$3.63	\$ 86,130	\$6.79-\$18.50	\$314,700
Shares purchased:	120,000	\$1.00	\$120,000	\$8.00	\$960,000

Convertible Debentures

The Company's 7½% convertible subordinated sinking fund debentures, Series A are convertible into common shares initially at \$9.00 per share and increasing ultimately to \$12.67 per share (Note 15). There were reserved 558,133 common shares for such conversion at December 31, 1968.

Shares issued

The Company issued 2,075,978 common shares during the year for a total consideration of \$13,564,720 as follows:

	Number of Shares	Amount Credited to Capital
Conversion of Series A and Series B preference shares:	841,980	\$ 1,403,300
Exercised by employees of stock options and stock purchase agreements:	141,000	145,440
Conversion of Series A convertible debentures:	219,647	1,976,823
Public offering in the United States	500,000	8,523,862
Acquisition (Note 1)	91,111	1,230,000
Exercise of 1961 and 1965 share purchase warrants	282,240	285,295
	<u>2,075,978</u>	<u>\$13,564,720</u>

No charges or credits are made to income with respect to the granting or issuance of any shares pursuant to warrants, stock options and stock purchase agreements.

At December 31, 1968, the Company also had authorized 314,882-35/40 second preference shares with a par value of \$10 each, none of which was issued. Of those shares 23,723-38/40 were reserved for issuance upon exercise of the above options and warrants and which require the Company to issue these shares without payment of further consideration. The Company has appropriated \$237,239 of retained earnings for this purpose.

19. SUBSEQUENT EVENTS

(i) The Company agreed to acquire 950,000 out of 2,500,000 issued convertible preference shares and 1,370,000 out of 2,000,000 issued common shares of Setak Computer Services Corporation Limited for an aggregate consideration of \$700,000. In addition the Company may be required to make an additional investment of up to \$1,000,000 through 1972 for shares in Setak.

(ii) A wholly owned subsidiary acquired 75% of the shares of Cal-Mor Industries Limited, a construction company in Calgary, Alberta, for \$750 and agreed to loan the company up to \$1,000,000 as funds may be required for its operations. The loan bears interest at 8% per annum and is repayable to the extent that funds on hand are not reasonably required for its operations.

20. CHANGES IN ACCOUNTING POLICY

Reference is made to notes 3(a) and 9 to the consolidated financial statements with respect to changes in accounting policy. Had these changes been in effect for the year ended December 31, 1967, net income for such year would have been \$1,071,262.

To the Shareholders

Revenue Properties Company Limited

We have examined the consolidated balance sheet of Revenue Properties Company Limited and Subsidiaries as at December 31, 1968 and the consolidated statement of income and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the changes, with which we concur, described in Notes 3a and 9 to the financial statements.

Touche, Ross, Bailey & Smart
Chartered Accountants

Toronto, April 17, 1969.

Seven Year Consolidated Income Comparisons

REVENUE	1968	1967	1966	1965	1964	1963	1962
Sales of land and building	\$35,889,463	\$38,755,377	\$19,885,374	\$17,877,134	\$15,369,631	\$ 9,510,986	—
Land development sales	24,351,917	10,282,144	5,896,874	1,667,229	916,908	—	—
Rental income	8,578,462	6,779,492	6,133,021	4,626,771	2,817,724	2,430,864	1,723,496
Interest on mortgages	1,457,753	868,322	780,899	690,021	276,472	23,532	24,962
Fees and other income	994,395	164,103	116,668	168,709	159,233	140,481	200,000
Equity in earnings of affiliated companies	111,817						
	<u>\$71,383,807</u>	<u>\$56,849,438</u>	<u>\$32,812,836</u>	<u>\$25,029,864</u>	<u>\$19,539,968</u>	<u>\$12,105,863</u>	<u>\$1,948,458</u>
EXPENDITURE							
Cost of land and building	31,055,855	35,169,664	18,090,517	16,686,166	13,949,244	8,568,347	—
Cost of land development sales	15,740,088	8,565,247	4,308,871	795,649	680,396	—	—
Property operating expenses	6,235,941	4,852,473	3,543,065	2,510,426	1,159,435	694,275	306,940
General and administrative	1,576,739	1,001,848	997,411	598,456	732,677	500,359	90,545
Interest on mortgages, bonds and similar debt	4,096,654	3,181,742	2,892,807	2,234,528	1,183,258	1,052,729	719,334
Depreciation	819,982	736,359	754,418	580,313	532,550	490,514	324,472
	<u>\$59,525,259</u>	<u>\$53,507,333</u>	<u>\$30,587,089</u>	<u>\$23,405,538</u>	<u>\$18,237,560</u>	<u>\$11,306,224</u>	<u>\$1,441,291</u>
INCOME FROM OPERATIONS	\$11,858,548	\$ 3,342,105	\$ 2,225,747	\$ 1,624,326	\$ 1,302,408	\$ 799,639	\$ 507,167
Taxes on income current	415,000	150,000					
deferred	5,200,000	480,000	500,000				
Minority interest	136,800						
NET INCOME	<u>\$ 6,106,748</u>	<u>\$ 2,712,105*</u>	<u>\$ 1,725,747*</u>	<u>\$ 1,624,326*</u>	<u>\$ 1,302,408*</u>	<u>\$ 799,639*</u>	<u>\$ 507,167</u>
Number of common shares at end of year	10,473,098	8,397,120	7,763,340	7,763,340	7,455,600	7,440,000	1,240,000
Earnings per common share based upon weighted average of shares outstanding	\$0.65	\$0.34	\$0.19	\$0.18	\$0.15	\$0.08	\$0.04
Number of common shares on fully diluted basis	12,314,398	10,357,145	10,188,390	10,140,390	9,150,000	9,150,000	1,240,000
Fully diluted earnings per common share †	\$0.51	\$0.24	\$0.15	\$0.15	\$0.14	\$0.08	\$0.04

* Reference is made to notes 3(a) and 9 to the consolidated financial statements with respect to changes in accounting policy. Had these changes been in effect the net income would have been: 1967 — \$1,071,262; 1966 — \$958,280; 1965 — \$472,680; 1964 — \$320,813; 1963 — \$346,547.

† Fully diluted earnings per share was computed assuming the exercise

in full of all Common Share Purchase Warrants, employees' stock option agreements for purchase of shares, and conversion of all convertible debentures in effect at the end of the respective periods, and that the proceeds from the exercise of Common Share Purchase Warrants, outstanding employee stock options and purchase agreements were used to reduce interest expense at the rate of 7½% per annum (less applicable income taxes).

Projects Under Development

SUMMARY OF PROJECTS UNDER DEVELOPMENT

Land Development — approximately 10,880 acres

Industrial and Commercial — 2,735,000 square feet

Housing

Sale Housing	2,061
Social Housing	12,312
Rental Housing	9,561
	23,934 units

Land Development Division

Representing approximately 10,000 acres in 16 market areas (see map page 6).

Market areas inside Metropolitan Toronto Planning area.

Malton
Markham
North Bathurst Street (at Highway No. 7)
Mississauga
Pickering
Scarborough (Meadowvale Gardens)
Vaughan Township
Steeles and Woodbine (Gary Park)

Market areas outside Metropolitan Toronto Planning area.

Acton
Ancaster
Barrie
Brampton
Guelph
Orangeville
Stratford

For other land development activities see Industrial Division and Victoria Wood.

Total: Approximately 10,000 acres

Sale Housing Division (see map page 6)
Representing 825 homes scheduled for completion and sale in 1969 in the following market areas:

Acton
Barrie
Brampton
Fergus
Guelph
Orangeville
Stratford

For other sale housing activities see Victoria Wood.

Total: 825 homes

Social Housing and Special Projects Division

Representing 4,513 units under construction or under development.

Blake Street, Toronto
Kennedy Road, Toronto
Laurentian University, Sudbury
Yonge-Charles-St. Mary, Toronto
Yonge-McGill, Toronto
Project, Etobicoke
Project I, Toronto
Project II, Toronto

Also presently under construction is the St. John, N.B., City Hall complex.

For other social housing activities see

Urban Properties and Centennial Properties.

Total: 4,513 units

Rental Housing Division

Representing 4,324 units under construction or under development.

Brookbanks, Toronto
Church-Monteith, Toronto
Jane-Wilson, Toronto
Oakville, Ontario
21 Windermere, Toronto
Briar Hill, Toronto
Corporate House, Montreal

For other rental housing activities see Victoria Wood, Centennial Properties, and Cal-Mor Industries.

Total: 4,324 units

Industrial Division

(see maps page 10)

Representing 13 industrial parks, totaling 888 acres scheduled for completion 1969-71 as follows:

Los Angeles
Harbor Freeway Industrial Park
Montreal
Airport Industrial Estates
Ville La Salle Industrial Park
Toronto

International Industrial Park
University Industrial Park
Victoria Industrial Park
Brampton City Centre Industrial Park
Sherway Industrial Park
Ambassador Industrial Park
Birchmount Industrial Park
Constellation Industrial Park
Disco Industrial Park
Donway Industrial Park

Total: 888 acres

Industrial buildings comprising 1,960,000 square feet are under construction or under development.

Total: 1,960,000 square feet

Urban Properties Inc. (see map page 11)

Representing 4,883 units under construction or under development.

Altoona, PA.
Capital Park, Columbus, Ohio
East Hills, Phase 2, Pittsburgh, PA.
East Mall, Pittsburgh, PA.
East Hills, Phases 3 and 4, Pittsburgh, PA.
Ellicott, Phase 2, Buffalo, N.Y.
Ellicott, Phases 3 and 4, Buffalo, N.Y.
Greenway Park, Pittsburgh, PA.
Harrisburg, PA.
McKeesport, Phases 1 and 2, PA.

Liberty Park, Phase 1, Pittsburgh, PA.
Liberty Park, Phase 2, Pittsburgh, PA.
New London, Conn.
New London, Phase 2, Conn.
Penn Circle, Pittsburgh, PA.
Scranton, PA.
Sky View Gardens, Harrisburg, PA.

Total: 4,883 units

Victoria Wood Development Corporation

Representing 1,236 houses, 3,817 apartments and 650,000 square feet of commercial and industrial space under construction or development:

Main Street and Danforth Avenue, Toronto
Denlow Estates
Caledonia Rd. and Castlefield, Toronto
Caledonia Rd. and Lawrence, Toronto
Chartwell, Scarborough
Clarkson, Ontario
Don Mills Road and Sheppard Ave., Toronto
Etobicoke, Toronto
Yonge Street and Sheppard Avenue, Toronto
Mississauga, Ontario
Sheppard Ave. E. and Warden Ave., Scarborough
Sheppard Ave. E. and Brimley Rd., Scarborough

Total: 5,053 units and 650,000 square feet, commercial and industrial space

Centennial Properties Limited

Representing 3,359 social housing and private rental units under construction or under development:

Bayers Road, Nova Scotia
Halifax Senior Citizens, Nova Scotia
St. Mary's University, Nova Scotia
University of New Brunswick, New Brunswick
Yonge-Ogilvie, Nova Scotia
Alarch Street, Nova Scotia
University of Moncton, New Brunswick
Art College, Nova Scotia
Student Housing, Newfoundland

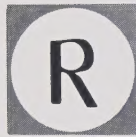
Total: 3,359 units

Cal-Mor Industries Limited

Representing 977 rental and hotel units and 125,000 square feet of commercial space under construction or under development.

Penthouse Towers, Calgary
Office, apartment and hotel complex, Calgary

Total: 977 units and 125,000 square feet



Revenue Properties Company Limited

Head Office: 12 Sheppard Street, Toronto 1, Canada